

May 2, 1997

**MEMORANDUM TO:** Distribution

**FROM:** Michael J. Rubino, Associate Director  
Acquisition Services Branch

**SUBJECT:** Policy Memorandum 97-006 - Procedures for Using Federal  
Supply Schedules and Conducting Market Research

1. Purpose. The purpose of this Policy Memorandum is modify the policies and procedures in the Acquisition Policy Manual (APM) to provide guidelines in acquiring goods and services through General Services Administration (GSA) Federal Supply Schedule (FSS) contracts. In addition, it provides additional guidance on conducting market research.

2. References. (a) APM 9.C., *Using Federal Supply Schedules and Other Contracts*, page 9-7  
(b) APM 4.C., *Market Research*, page 4-7.

3. Scope. This Policy Memorandum is applicable to all Contracting Officers and Acquisition Services Branch personnel involved with issuing delivery orders against FSS contracts and those involved in conducting market research. These guidelines supplement Circular 3700.16, Acquisition Policy Manual (APM), dated October 3, 1996.

4. Background

The APM authorizes the use of FSS contracts to acquire goods and services. GSA awards FSS contracts through a competitive process for use by other Federal agencies. Through these schedules, commercial firms provide goods and services at best-customer prices as a result of anticipated volume purchases. Once the FSS contract is awarded, Contracting Officers throughout the Federal Government may place orders against the contract for their requirements.

Use of GSA schedules offer the benefits of streamlined ordering procedures, shorter lead times, and reduced administrative cost. In addition, they are flexible in three ways. First, they are not limited in quantity and allow contractors to accept any size order. Customers are encouraged to contact contractors for price reductions when the maximum order threshold (See APM 9.C.1.e., page 9-7) is reached, or when an order quantity indicates the potential for price reduction. Second, if a customer's requirements include non-schedule incidental goods or services, contractors may add these items to the delivery order if the costs are de minimis in comparison to the total value of the order. Third, they can be modified by GSA, when necessary, to allow contractors to offer new items or the latest technology to meet customer needs.

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Market research is an important aspect of acquiring goods and services whether under open market conditions or FSS contracts. It involves obtaining general knowledge about the availability, types of goods or services and pricing for future acquisitions by identifying what is available in the marketplace. Market research shall always be conducted jointly by the Contracting Officer and Program Office representative. The techniques for conducting market research are stated in APM 4.C.3.

5. APM Change - Additional Guidelines for Use of FSS Contracts.

The policies and procedures for using FSS contracts are stated in APM 9.C. on page 9-7. FSS contracts satisfy all competition requirements set forth in the APM. However, the APM needs to be modified to include additional procedures for price comparisons and limited technical considerations that will ensure Contracting Officers obtain the best overall value under FSS awards. Therefore, in accordance with the foregoing, APM 9.C.3. is modified to include the following for use by Contracting Officers in making purchases through FSS contracts:

"9.C.3.1. FSS Awards Less than \$2,500. A delivery order may be placed directly with any FSS contractor without further price comparison. In these cases, the award should be processed within 5 calendar days.

9.C.3.b. FSS Awards Greater than \$2,500 and Less than the Maximum Order Threshold.

For delivery orders awarded under an FSS contract in this price category, price comparisons shall be conducted with at least three FSS contractors offering the required product or service. At the Contracting Officer's discretion, the price comparisons may be through review of published price lists, or through oral or written Requests for Quotations (RFQs). All quotes must be based on the same estimated volume of services or goods to be purchased.

Contracting Officers may allow for a limited technical review (i.e., optional) and the final award shall be based upon a best value determination including price and/or delivery/technical requirements. Awards should be processed within 15 calendar days. The Contracting Officer shall ensure that the verbal or written quotes are documented in the contract file and clearly justify the propriety of the award decision.

9.C.3.c. FSS Awards Greater than \$2,500 and Exceeding the Maximum Order Threshold.

For delivery orders awarded under an FSS contract in this price category, price comparisons shall be conducted with at least three FSS contractors offering the required product or service. **The Contracting Officer shall seek price reductions by obtaining written quotes from each FSS contractor.**

Contracting Officers may allow for a limited technical review (i.e., optional) and the final award shall be based upon a best value determination including price and/or delivery/technical requirements. Awards should be processed within 45 calendar days. The Contracting Officer shall ensure that the written quotes are documented in the contract file and clearly justify the propriety of the award decision.

- 9.C.3.d. Use of Brand Name Specifications. If price comparisons, as required under APM 9.C.3.b. and c. above, are to be conducted only among FSS contractors selling a specific brand-name item, the program office must provide a written justification to the Contracting Officer demonstrating why a specific brand is essential to the requirement. Contracting Officer approval is required prior to requesting verbal or written quotes."

6. APM Change - Additional Guidelines for Conducting Market Research.

Market research is an effective tool for acquiring knowledge of goods, services and pricing information available within the marketplace. It is encouraged so that FDIC can develop the most suitable approach for acquiring its goods and services and facilitate requirements definition and technical analysis of options. Care must be taken to ensure that a level playing field for all prospective offerors is maintained.

Therefore, in accordance with the foregoing, the following changes are hereby made:

- a. APM 4.C.2., *Responsibility*, is modified to include an additional provision as follows:
- "4.C.2.a. Procedures for Conducting Market Research. If market research is required, prior to making any award, including an order under an FSS contract, Program Offices will notify the Contracting Officer before market research is initiated. The Contracting Officer will determine for each case the appropriate level of participation by ASB personnel in conducting the research and will provide guidance regarding the appropriate content and flow of communication as well as the appropriate forum for conducting market research."

- b. APM 4.C.3., *Techniques*, is modified to add the following:

"In addition, other market research techniques include reviewing industry publications, catalogs, trade show literature, vendor literature, and product research sources, publishing formal requests for information, querying available databases, reviewing published price lists, conducting information meetings and conducting product demonstrations."

- c. APM 4.C.5., *Caution*, is modified to add the following:

"Market research does not include making purchase commitments, conducting price negotiations, or sharing procurement-sensitive information or sharing any information that would place one vendor in a more favorable position than other vendors regarding the requirement."

7. Effective Date. This Policy Memorandum is effective immediately.

8. Contacts. If you have any questions regarding this Policy Memorandum, please call Dave McDermott on (202) 942-3434.

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